A User's Guide to the City of Barrie's Department Performance Plans

The City of BARRIE

Introduction

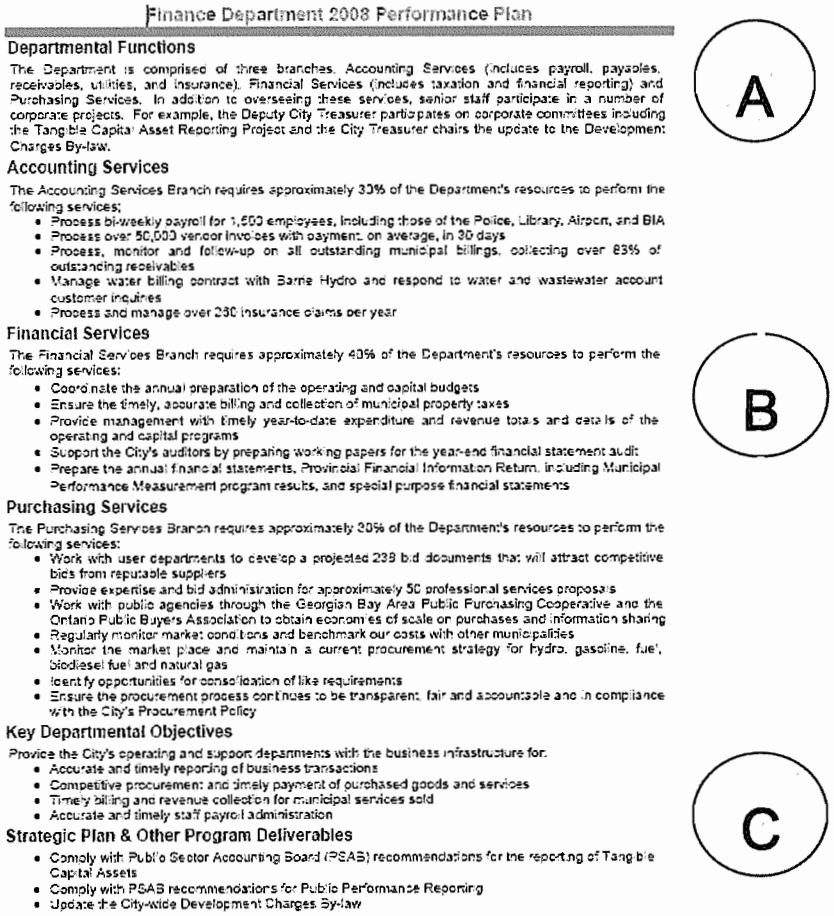
The City of Barrie's 2011 Business Plan presents details about how the City will use the resources under its control to deliver planned services and service levels. As an aid to understanding these changes, the following pages offer a description of one of the document's key components – the Department Performance Plan.

A Department Performance Plan includes three standard elements:

1. A Performance Summary – this includes a description of the department's products and services, and key performance indicators that can be used to assess results
2. A Budget and Forecast Report – to show the current operating budget request in the context of both prior period and anticipated future period results
3. A Base Budget Change Report – to highlight significant changes between the prior period actual financial results and current period requested amounts, including explanations for any variances greater than $10,000.

When a department wants to introduce changes to its base budget, it will also include a fourth element – a Program Change form. This form provides an opportunity to evaluate the merits of the proposed change before it is incorporated into the base budget.

Overall, the Department Performance Plan strengthens control and accountability over the resources entrusted to a department. This is an evolutionary process that builds on experimentation, practical experience and consensus about what is relevant and significant. Council's feedback is encouraged to ensure future reports include information that offers the best opportunity to illustrate whether, or how much, progress is being made toward achieving its strategic priorities.



Finance Department 2008 Performance Plan

Departmental Functions

The Department is comprised of three branches. Accounting Services (includes payroll, payables, receivables, utilities, and insurance). Financial Services (includes taxation and financial reporting) and Purchasing Services. In addition to overseeing these services, senior staff participate in a number of corporate projects. For example, the Deputy City Treasurer participates on corporate committees including the Tangible Capital Asset Reporting Project and the City Treasurer chairs the update to the Development Charges By-law.

Accounting Services

The Accounting Services Branch requires approximately 30% of the Department's resources to perform the following services;

- Process bi-weekly payroll for 1,600 employees, including those of the Police, Library, Airport, and BIA
- Process over 50,000 vendor invoices with payment, on average, in 30 days
- Process, monitor and follow-up on all outstanding municipal billings, collecting over 83% of outstanding receivables
- Manage water billing contract with Barrie Hydro and respond to water and wastewater account customer inquiries
- Process and manage over 230 insurance claims per year

Financial Services

The Financial Services Branch requires approximately 40% of the Department's resources to perform the following services:

- Coordinate the annual preparation of the operating and capital budgets
- Ensure the timely, accurate billing and collection of municipal property taxes
- Provide management with timely year-to-date expenditure and revenue totals and details of the operating and capital programs
- Support the City's auditors by preparing working papers for the year-end financial statement audit
- Prepare the annual financial statements, Provincial Financial Information Return, including Municipal Performance Measurement program results, and special purpose financial statements

Purchasing Services

The Purchasing Services Branch requires approximately 30% of the Department's resources to perform the following services:

- Work with user departments to develop a projected 239 bid documents that will attract competitive bids from reputable suppliers
- Provide expertise and bid administration for approximately 50 professional services proposals
- Work with public agencies through the Georgian Bay Area Public Purchasing Cooperative and the Ontario Public Buyers Association to obtain economies of scale on purchases and information sharing
- Regularly monitor market conditions and benchmark our costs with other municipalities
- Monitor the market place and maintain a current procurement strategy for hydro, gasoline, fuel, biodiesel fuel and natural gas
- Identify opportunities for consolidation of like requirements
- Ensure the procurement process continues to be transparent, fair and accountable and in compliance with the City's Procurement Policy

Key Departmental Objectives

Provide the City's operating and support departments with the business infrastructure for:

- Accurate and timely reporting of business transactions
- Competitive procurement and timely payment of purchased goods and services
- Timely billing and revenue collection for municipal services sold
- Accurate and timely staff payroll administration

Strategic Plan & Other Program Deliverables

- Comply with Public Sector Accounting Board (PSAB) recommendations for the reporting of Tangible Capital Assets
- Comply with PSAB recommendations for Public Performance Reporting
- Update the City-wide Development Charges By-law

A

B

C

Departmental Functions: Every Performance Plan starts with a general description of the department's structure and functions (see "A"). This informs the reader what products and/or services are available from the department.

More detailed information about the department's products and services are also provided (see "B"). From reading these details, you should develop an understanding of the type of work that is performed and how the department's resources are applied to produce them.

Key Departmental Objectives: Every department has a series of objectives that guide its work (see "C"). These are useful to read because they help establish expectations for what the department is trying to achieve. They also provide context for assessing reported results. Typically, the objectives will not change from year to year.

If you read the key departmental objectives, you should be better able to understand the performance indicators reported by the department and use this information to assess how well it is doing. Also, the key departmental objectives give you a good idea about what the department views as the most important things it is trying to accomplish.

In any particular year, the department may also identify a number of specific objectives that relate either to Council's Strategic Priorities or to significant program deliverables. These would be identified in the "Strategic Plan & Other Program Deliverables" section (see "C").

- Increase the rate of electronic payment methods for receiving and making payments

Major Initiatives/Issues

Investigate opportunities to improve the efficiency of the annual budget development process, with a particular focus on back-office electronic processing tools and improvements
Review the City's financial policies that govern the production of the budget and recommend changes, if required, to Finance Committee by September 2008
Provide information, documentation and training for staff about Barrie's financial tools and processes
Lead Barrie's contract deliverables for water meter reading, billing, collection services and corporate reporting.
Develop the policy framework, processes and data required to support a capital asset reporting framework that complies with PSAB 3150 by 2009.
Review Purchasing policies and processes to ensure continued efficient delivery of transparent and accountable service.

D

Key Performance Indicators

Accurate and timely reporting of business transactions

Indicator	2007 Actual	2008 Plan
Insurance cost per claim/incident	$1,926.33	$1,600.00
Public release of prior-year audited financial statements	June 26, 2007	June 30, 2008
Number of water billing complaints received	498	675

Timely billing and revenue collection

Indicator	2007 Actual	2008 Plan
% of properties on pre-authorized payment	17.8%	19.6%
% of billings outstanding over 90 days	27%	18%
Year-end tax arrears as percentage of tax revenue	8.8%	8.1%

E

Competitive procurement and timely payment

Indicator	2007 Actual	2008 Plan
Number of competitive bid processes	193	238
Average number of days to complete procurement process	28	28
% of vendor payments made via electronic funds transfer	0%	5%

Accurate and timely staff payroll administration

Indicator	2007 Actual	2008 Plan
% of Records of Employment (ROE) created on-line	0	50
Payroll administration cost per FTE	$136	$125
% of payroll transactions that require correction	0.143%	0.08%

Major Initiatives/Issues: Every Performance Plan describes initiatives that involve significant collaboration either between other departments or with external stakeholders that could influence its actual results (see"D"). This section could provide information about factors affecting planned results and/or additional information about what, specifically, the department plans to do to achieve its objectives within the next few years.

Key Performance Indicators: Performance indicators are reported for every departmental objective included in the performance plan (see "E"). The purpose of reporting these indicators is to provide plausible, evidence-based information to support assessments about progress toward planned results. However, these indicators cannot, and they are not intended to, conclusively prove that actual results are/are not meeting expectations.

The indicators reported in a performance plan are selected from a range of data managers use to guide their programs and services. Generally, indicators that describe outcomes (i.e. the consequences of a program or service) and outputs (i.e. the service level provided) are preferable for this form of reporting over inputs (i.e. the amount of resources consumed) or efficiency (i.e. the cost per unit of service provided).

Staff anticipate the number and type of indicators included in a performance plan to evolve. With more experience and dialogue with both Council and the public about how to assess performance, staff expect reporting key performance indicators will change to incorporate lessons learned.

CITY OF BARRIE
2008 OPERATING BUDGET
EXPENDITURES

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		2006 ACTUAL	2007 BUDGET	2007 ACTUAL	2008 BUDGET	MEMO	2009 FORECAST	2010 FORECAST
CORPORATE SERVICES DIVISION								
GENERAL MANAGER 01-08-1000-0000-								
28**	Salaries	179,965	92,152	21,518	207,740		217,367	223,893
29**	Fringe Benefits	17,917	17,579	3,829	35,719		38,211	40,327
3***	General Operations	2,824	10,300	1,263	9,700		11,045	11,800
4201	Minor Equipment	-	-	-	-		-	-
Total Other		200,706	120,031	26,610	253,159		266,623	276,020

NOTES

The Department Budget and Forecast

Every Performance Plan includes a report describing financial trends. A department's operating budget includes two components – the base budget and program changes. The base budget includes costs that are expected to carry forward from year to year, as they reflect the resources required to deliver existing services and service levels. When a department plans to make a significant change to planned services or service levels, it would describe these changes separately via a Program Change Form. If approved, the program change information would be incorporated into the department's base budget in future periods.

Comparative information about actual costs incurred for each of the preceding two years is provided along with the previous year's budget. In addition to the current year's budget, forecasts for the next two years are also reported to help the reader put the current year's budget request in a broader context. This report is useful for identifying any significant changes to the base budget and for assessing the extent to which actual costs incurred match previously planned levels.

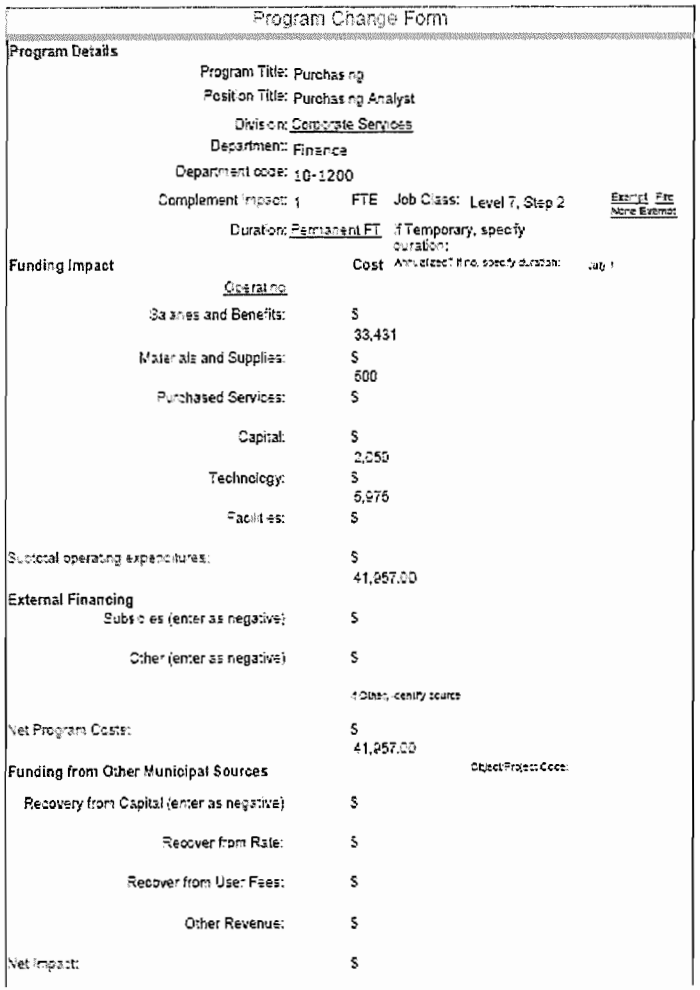
CORPORATE SERVICES DIVISION
General Manager Corporate Services
2008 Base Budget Change Report

	2007 Approved Budget $	2007 Actual Expenditure $	2008 Base Budget $	Program Change(s) $	2008 Requested Budget $	Change in 2008 Base Budget to 2007 Actual $	%	Comments
28** Salaries	92,152	21,518	207,740		207,740	186,222	865%	Annualized costs for GM and EA
29** Fringe Benefits	17,579	3,829	35,719		35,719	31,890	833%	Annualized costs for GM and EA
3*** General Operations	10,300	1,263	9,700		9,700	8,437	668%	Annualized costs for GM and EA
42** Minor Equipment	-	-	-		-	-	0%	
4910 Transfer to Reserves	-	-	-		-	-	0%	
4930 Transfer to Capital	-	-	-		-	-	0%	
4930 Transfer to Unfinanced Capital	-	-	-		-	-	0%	
5*** Hydro, Water, Sewer, Gas	-	-	-		-	-	0%	
6*** Lease Equipment/Property	-	-	-		-	-	0%	
7*** Financial Expenses	-	-	-		-	-	0%	
Total Gross Expenditures	**120,031**	**26,610**	**253,159**	**-**	**253,159**	**226,549**	**851%**	
8200 Other Municipalities	-	-	-		-	-	0%	
8201 Province of Ontario	-	-	-		-	-	0%	
89** Fees, Charges, Service Rentals		-	-		-	-	0%	
Total Revenues	-	-	-		-	-	0%	
Total GM Corporate Services	**120,031**	**26,610**	**253,159**	**-**	**253,159**	**226,549**	**851%**	

The Base Budget Change Report

Every performance plan also includes a "Base Budget Change Report" to identify and explain variances between planned and actual costs that are greater than $10,000. The first three columns in this report provide data that matches the information found in the Department Budget and Forecast report (see previous page). Here, the emphasis is on explaining why the requested base budget is significantly different from the actual experience of the prior period.

If a Performance Plan includes program changes, the financial impact(s) are included here in the "Program Change(s)" column. The base budget plus the program change(s) are added to calculate the 2011 Requested Budget. Program changes are presented for approval separate from the base budgets, and would only be incorporated into the base budget if they are approved.



Program Change Form

Program Details

Program Title: Purchasing

Position Title: Purchasing Analyst

Division: Corporate Services

Department: Finance

Department code: 10-1200

Complement Impact: 1 FTE Job Class: Level 7, Step 2 Exempt Fire None Exempt

Duration: Permanent FT If Temporary, specify duration:

Funding Impact Cost Annualized if no, specify duration: July 1

Operating

Salaries and Benefits: $ 33,431

Materials and Supplies: $ 500

Purchased Services: $

Capital: $ 2,050

Technology: $ 5,976

Facilities: $

Subtotal operating expenditures: $ 41,957.00

External Financing

Subsidies (enter as negative): $

Other (enter as negative): $

If Other, identify source

Net Program Costs: $ 41,957.00

Funding from Other Municipal Sources Object/Project Code:

Recovery from Capital (enter as negative): $

Recover from Rate: $

Recover from User Fees: $

Other Revenue: $

Net Impact: $

F

G

Program Change Form: If a department wants to increase its base budget to include new resources or introduce a new product or service, it must present a Program Change form for approval. The purpose of the Program Change form is to provide detailed information regarding a change in program direction or a change in staff complement levels.

Details about the source of the Program Change are provided in the "Program Details" section (see "F"). If there is a complement impact, it would be described here.

Financial details included in a Program Change describe both the anticipated costs and benefits (see "G"). The "Net Impact" figure shows the cost or revenue impact this program change would have on the City's budget.

41,957.00

Service Impact	2008 Current	2008 Proposed
Corporate oversight over procurement activities and processes	Based on current corporate purchasing activity levels, there is insufficient capacity to ensure bid format, specifications and analysis of bid results consistently reflect Purchasing policies and procedures.	Based on anticipated corporate purchasing activity levels, sufficient capacity would exist to ensure bid format, specifications and analysis of bid results reflected Purchasing policies and procedures
Commod ty procurement strategy	No corporate approach for buying standard commodities exists.	A plan to identify commodities purchased by several departments would be developed and implemented, reducing purchasing cycle times and minimizing unit cost.
Routine reporting about corporate purchasing activity	Annual report produced for Council, with other reports produced on an ad hoc basis.	At least semi-annual reports produced for Council, supported by routine management reports produced throughout the year.
Procurement training	Insufficient resources to ensure all staff are aware of and know how to apply Purchasing policies and procedures.	Training schedule and support material will be routinely available.

H

Business Case

I

Considering the growth that's occurring in the City's capital program and the consequential impact this will have on the demand for Purchasing staff assistance, there is insufficient capacity to ensure bid processes will occur in a timely manner and accurately reflect the corporation's policies and procedures. There is a risk that Purchasing could become a bottleneck that slows the pace of the City's capital program, which could lead to delays that impair service quality and/or the delivery of service in other parts of the organization.

To mitigate this risk with current resources, the level of oversight applied to bid calls could be reduced. While this may increase the assurance that bid processes will be timely, it creates the increased risk that bid documents do not appropriately reflect corporate standards for quality, accuracy and completeness.

The Purchasing Analyst would facilitate the completion of bid processes to ensure compliance with policy and ensure accountability of all staff involved in the award decision. The Analyst would review bid requests coming from departments to assess the completeness and objectivity of the specification. In collaboration with department staff, the Analyst would also identify the most appropriate format for bid solicitation (i.e. quotation, tender, proposal).

As well, this position would improve corporate oversight over commodity purchases. Currently, the timing and extent of bid calls for standard commodities varies, and an enterprise-wide buying strategy is not in place for some commodities. The Analyst would identify the commodities that should have an enterprise-wide buying strategy in place and coordinate the bid call for them with other Purchasing staff.

"Service Impacts" (see "H") describe the difference between current services and/or service levels and the services and/or service levels that are anticipated to be produced if the program change is approved. This section helps provide context for the "Business Case" (see "I").

The Business Case section summarizes the essential financial, service level and resource issues associated with the program change in a manner that gives a reader who is not intimately familiar with the program an understanding of the cost and benefits associated with these plans. Specific issues that would typically be highlighted here include:

- Details about complement impact
- Previous Council approved staff reports
- Provincial regulations
- Anticipated performance impacts
- Relationship to the Strategic Plan
- Relationship to the capital budget
- Relationship to growth and development
- Impacts of this program change on other areas of the corporation (if any, e.g. Technology Services support, Finance support).